

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01 ADP-00

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H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

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ROME FOR FODAG

E. O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT COMMITTEE ON TRADE AND DEVELOPMENT, JUNE 12-15 AND 19

REF: A. TSC 73-37 B. STATE 112674

SUMMARY: MEETING HEARD INITIAL DISCUSSIONS ON SAFEGUARDS, TARIFFS (INCLUDING GSP) AND AGRICULTURE AND REPRISALS ON TROPICAL PRODUCTS, QRS AND OTHER NTBS, NON-RECIPROCITY, AND OBJECTIVES AND PRINCIPLES. LDCS HAD DEVELOPED COMMON STATEMENTS ON SAFEGUARDS. QRS AND OTHER NTBS, BUT U. S. AND NORDICS WERE ONLY DCS WITH DETAILED POSITIONS. BRAZIL CONTINUED TO LEAD LDCS WITH RELATIVELY MODERATE POSITIONS, WHILE CHILE AND OTHER LATINOS PUSHED HARDER LINE. DOMINATING THEME WAS PREFERENTIAL TREATMENT, WHICH LDCS DESCRIBED AS ESSENTIAL BUT DCS REJECTED AS GENERAL PRINCIPLE. COMMITTEE AGREED ON REPORT TO JULY PREPCOM SUMMARIZING DISCUSSIONS WITHOUT ATTEMPTING AGREED CONCLUSIONS. END SUMMARY.

1. SAFEGUARDS

A. NIGERIA KEYNOTED DISCUSSION ON LDCS' BEHALF WITH COMPREHENSIVE STATEMENT (COM. TD/92) DEVELOPED IN GROUP OF 77 WORKING PARTY. AS SUPPLEMENTED BY A BRAZILIAN STATEMENT (COM. TD/91) AND OTHER INTERVENTIONS, LDC PROGRAM CALLED FOR EXEMPTION OF LDC EXPORTS FROM DC SAFEGUARD MEASURES EXCEPT IN RARE "COMPELLING AND EXCEPTIONAL CIRCUMSTANCES" WHERE LDC EXPORTS THEMSELVES CAUSE MARKET DISRUPTION. DC SAFEGUARD MEASURES WOULD NOT REDUCE VOLUME OF IMPORTS OBTAINING BEFORE INTRODUCTION AND WOULD PROVIDE ADEQUATE RATE OF INCREASE. APPLICATION OF RESTRICTIONS WOULD BE SUBJECT TO COMPENSATION AND INTERNATIONAL CONTROL, ACCOMPANIED BY DOMESTIC ADJUSTMENT ASSISTANCE PROGRAMS. LDCS WOULD BE FREE TO APPLY SAFEGUARD MEASURES IN ACCORDANCE WITH PRESENT GATT RULES. FINALLY, DCS WERE URGED TO UNDERTAKE MEASURES OF ANTICIPATORY ADJUSTMENT ASSISTANCE TO AVOID NECESSITY FOR LIMITED OFFICIAL USE

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SAFEGUARDS AND CONTRIBUTE TO NEW INTERNATIONAL DIVISION OF LABOR.

B. U. S. (MILLER) AND OTHER DC SPEAKERS WERE SYMPATHETIC TOWARD SOME OF LDC PROGRAM BUT OBJECTED TO CONCEPT OF DIFFERENTIAL TREATMENT FOR LDC EXPORTS. SEVERAL SUGGESTED THAT SAFEGUARDS SHOULD BE LIMITED IN ALL CASES TO COMPELLING AND EXCEPTIONAL CIRCUMSTANCES AND NORDICS RECALLED EARLIER SWEDISH PROPOSAL FOR GENERAL GATT RULE LIMITING RESTRICTIONS TO SOURCE OF DISTURBANCE.

2. AGRICULTURE: DISCUSSION WAS LARGELY PRO FORMA RECITAL OF FAMILIAR

THEMES. ARGENTINA AND OTHER LDCS SAID MTN SHOULD AIM AT IMPROVED

ACCESS FOR THEIR PRODUCTS PLUS STABILIZATION AND EXPANSION OF TRADE AT

FAIR AND REMUNERATIVE PRICES. SOME ALSO CALLED ON DCS TO CONTRIBUTE TO NEW INTERNATIONAL DIVISION OF LABOR BY PROVIDING ADJUSTMENT ASSISTANCE TO AG PRODUCERS. STANDARD REQUESTS ALSO HEARD FOR PREFERENTIAL TREATMENT IN APPLICATION OF AGRICULTURAL RESTRICTIONS, PRIORITY ATTENTION TO LDC EXPORT PRODUCTS AND INCLUSION OF AGRICULTURAL PRODUCTS IN GSP. DCS HAD LITTLE TO SAY.

3. TARIFFS

A. BRAZIL (ROUANET) LET OFF DISCUSSION WITH STATEMENT (COM. TD/93) ON MTN- GSP RELATIONSHIP. IN BRAZILIAN VIEW MTN NEED NOT JEOPARDIZE GSP BUT PROVIDES OPPORTUNITY FOR IMPROVING IT, ON UNDERSTANDING THAT LDCS WOULD RECEIVE APPROPRIATE COMPENSATION FOR ANY DAMAGE TO SYSTEM RESULTING FROM NT. TO IMPROVE SYSTEM STATEMENT URGED DONORS TO BROADEN PRODUCT COVERAGE, REMOVE ALL CEILINGS AND QUOTA RESTRICTIONS, TIGHTEN ESCAPE CLAUSE CRITERIA, DISMANTLE ON PREFERENTIAL BASIS QRS AFFECTING GSP PRODUCTSS, INCREASE DURATION, INCREASE PREFERENTIAL MARGINS BY LOWERING GSP RATES, BIND PREFERENTIAL MARGINS, BROADEN PRODUCT COVERAGE TO AT LEAST 75 PERCENT OF DONOR' S DURABLE IMPORTS FROM LDCS, AND TRANSFORM GSP INTO PERMANENT FEATURE OF WORLD ECONOMY BY INCORPORATING PRINCIPLE OF PREFERENTIAL TREATMENT IN GATT. TO LIMIT EROSION OF PREFERENTIAL MARGINS MTN WOULD EXCLUDE CUTS IN PRODUCTS WHERE LDCS HAVE ESTABLISHED TRADE FLOWS, LIMIT CUTS ON OTHER ITEMS AND PHASE IMPLEMENTATION OVER LONG PERIOD. WHERE EROSION DOES OCCUR, LDCS WOULD BE COMPENSATED LIMITED OFFICIAL USE
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BY IMPROVEMENTS IN SYSTEM AND OTHER CONCESSIONS, INCLUDING SIGNIFICANT MFN CUTS ON NON- GSP PRODUCTS OF INTEREST TO LDCS, ADVANCE IMPLEMENTATON IN FAVOR OF LDCS OF SUCH CUTS AND OTHER PREFERENTIAL TREATMENT IN NTBS, SAFEGUARDS, SUBSIDIES, ETC. ANY COMPENSATORY CONCESSION MADE IN CONNECTION WITH GSP WOULD BE NON- RECIPROCAL SINCE NON- RECIPROCITY IS BUILT- IN CHARACTERISTIC OF SYSTEM.

B. LDCS GENERALLY ENDORSED BRAZILIAN STATEMENT AND CHILE WENT SO FAR AS TO CLAIM THAT GSP HAD ACQUIRED CONTRACTUAL NATURE IN PROTRACTED " NEGOTIATIONS" LEADING TO AGREED CONCLUSIONS. HOWEVER DCS TOOK ISSUE WITH ASSERTION THAT GSP NEED BE PRESERVED OR COMPENSATION REQUIRED. U. S., SUPPORTED BY EC (ABBOTT) AND OTHER DCS, REMINDED COMMITTEE THAT DONOR COUNTRIES HAD CONSISTENTLY EMPHASIZED GSP' S UNILATERAL CHARACTER AND WARNED THAT SYSTEM COULD NOT INTERFERE WITH MFN TARIFF CUTS. SWITZ (DUNKEL) FELT GSP SHOULD REMAIN OUTSIDE MTN DUE TO ITS UNILATERAL CHARACTER AND NOTED THAT GOS WOULD BE MORE GENEROUS IF CONCESSIONS WERE NOT BINDING. CANADA (EASTHAM) SAID LDCS' " OBSESSION" WITH PREFERENTIAL TREATMENT OBSCURED COMMON INTEREST

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BOTH DCS AND LDCS HAD IN MFN CUTS AND THUS WEAKENED CAUSE OF TRADE LIBERALIZATION AGAINST PROTECTIONISM. COMMENTING ON DC INTERVENTIONS, BRAZIL SAID DONORS HAD AT LEAST A POLITICAL COMMITMENT IN IDS TO PRESERVE BENEFITS OF GSP AND DENIED IT WOULD BE POSSIBLE TO EXCLUDE GSP CONSIDERATIONS FROM MTN. CHAIRMAN (BATISTA, BRAZIL) SUGGESTED THAT MTN' S EFFECT ON GSP WOULD BE AN IMPORTANT FACTOR FOR LDCS IN ASSESSING RESULTS OCGNEGOTIATIONS.

4. TROPICAL PRODUCTS:

A. LDC SPEAKERS URGED COMPLETE ELIMINATION OF TARIFFS (THROUGH GSP OR MFN CUTS), QRS AND INTERNAL TAXES WITH TRADE- RESTRICTIVE EFFECT. ALL FAVORED TREATMENT OF TROPICAL PRODUCTS AS SPECIAL SECTOR OF MTN. DISCUSSION OF INTERNAL TAXES OFTEN LUMPED TOGETHER SELECTIVE TAXES WITH GENERAL TAXES, BUT KEY SPEAKERS FOCUSED THEIR COMPLAINTS ON FORMER. NOTING EARLIER GERMAN CLAIM THAT SELECTIVE TAXES DID NOT AFFECT CONSUMPTION, BRAZIL URGED SUSPENSION OF SUCH TAXES FOR EXPERIMENTAL PERIOD OR SHARING OF PROCEEDS WITH EXPORTING COUNTRIES. NIGERIA SUGGETED MTN CONSIDER NEGOTIATION OF STABILIZATION AGREEMENTS IN APPROPRIATE CASES.

B. U. S. PUT FOWARD FOLLOWING PRELIMINARY APPROACH AS BASIS FOR TROPICAL PRODUCT (TP) NEGOTIATIONS: TROPICAL PRODUCTS WOULD CONSTITUTE SPECIAL SECTOR IN MTN. NEGOTIATIONS WOULD (A) BE UNDERTAKEN AT BEGINNING OF MTN, (B) DEAL ONLY WITH THOSE TPS WHICH ARE WHOLLY OR SUBSTANTIALLY PRODUCED IN LDCS AND DO NOT COMPETE DIRECTLY WITH DC NATURAL OR SYNTHETIC PRODUCTS, (C) DEAL WITH RESIDUAL TARIFF PREFERENCES AND QUOTAS, TARIFF ESCALATION AND SPECIAL INTERNAL TAXES AND CHARGES AND LOOK TOWARD THEIR ELIMINATION OR SUBSTANTIAL REDUCTION,(D) TAKE ACCOUNT OF AND AS APPROPRIATE RECOMMEND PROCEDURES AND MEASURES TO ASSIST LDCS WHOSE TRADE IN THE SELECTED PRODUCTS DEPENDS UPON PREFERENTIAL ARRANGEMENTS IN ADJUSTING TO NEW MARKETING SITUATION, AND (E) INVOLVE LDCS MAKING CONCESSIONS AND BINDGINS REGARDING THEIR OWN TRADING SYSTEMS, BUT ON BASIS OF LESS THAN FULL RECIPROCITY AND CONSISTENT WITH THEIR DEVELOPMENT NEEDS LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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C. REACTIONS TO U. S. APPROACH WERE MIXED. WHILE APPLAUDING OTHER SECTIONS, LDC SPEAKERS FOUND POINT (B) TOO RESTRICTIVE AND ARGUED THAT ALL TPS SHOULD BE INCLUDED, AT LEAST AT OUTSET. ALTHOUGH BRAZIL AGREED THAT SOME ENVISIONED CONCESSIONS WOULD WARRANT RELATIVE RECIPROCITY, OTHER LATINO SPEAKERS AGAIN ENDORSED ABSOLUTE NON-RECIPROCITY. CANADA EXPRESSED PRELIMINARY SUPPORT FOR U. S. IDEAS, BUT EC POINTED OUT THAT COMMITTEE HAD NOT HEARD FROMTHOSE LDCS

WHOSE PREFERENTIAL POSITION WOULD BE DESTROYED BY TARIFF ELIMINATION.

D. IN SUMMING UP DEBATE CHAIRMAN FOUND CONSENSUS IN FAVOR OF SECTOR APPROACH FOR TROPICAL PRODUCTS. (HOWEVER, SINCE MTN ORGANIZATION PRESUMABLY UP TO TNC, COMMITTEE DID NOT PURSUE ESTABLISHMENT OF TP SUBGROUP.)

5. QRS AND OTHER NTBS:

A. INDIA (PATEL) LED OFF DISCUSSION WITH ENCYCLOPEDIA STATEMENT (COM. TD/ W198), DEVELOPED IN G-77 WG, CONTAINING VIRTUALLY EVERY PROPOSAL LDCS HAD PREVIOUSLY ADVANCED ON THIS SUBJECT. AFTER TICKING OFF GENERAL PRINCIPLES (PARTICULARLY PREFERENTIAL TREATMENT), STATEMENT APPLIED THEM TO SPECIFIC NTBS WITH DETAILED PROPOSALS FOR ACTION. STATEMENT ENDORSED BY LDCS WHO ALSO AGREED WITH SECRETARIAT PROPOSAL (PARA. 9, COM. TD/ W/192) THAT RESIDUAL RESTRICTION GROUP DRAW UP ALL- INCLUSIVE LIST OF RESTRICTED PRODUCTS OF INTEREST TO LDCS. LDCS URGED THAT ILLEGAL RESTRICTIONS BE ELIMINATED BEFORE MTN AND BRAZIL SAID PREFERENTIAL PROGRAM COULD BE COMPATIBLE WITH MFN REDUCTIONS IF FORMER WERE ADVANCE IMPLEMENTATION OF LATTER.

B. DC COMMENTS FOCUSED ON BRAZILIAN QR STATEMENT (COM. TD/ W/188) AT MARCH MEETING, WHICH WAS PARTIALLY INCORPORATED IN BRAZILIAN STATEMENT. U. S., NORDICS AND AUSTRALIA AGREED ON NEED FOR ACTION (ESPECIALLY ON ILLEGAL QRS, IN U. S. VIEW) BUT OPPOSED REDUCTION OR ELIMINATION ON PREFERENTIAL BASIS. U. S. POINTED OUT PROBLEM INTIMATELY CONNECTED WITH SAFEGUARDS AND SWEDEN MADE SAME POINT, MENTIONING TEXTILES, AND POINTED OUT THAT GLOBALIZED QUOTA SUGGESTED BY BRAZIL COULD RESULT IN EXCLUSION OF LESS COMPETITIVE LDCS.

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6. NON- RECIPROCITY: COMMENTING ON BRAZILIAN STATEMENT (SPEC(73)9) AT FEBRUARY CTD, U. S. AGREED THAT ITEMS OF PARTICULAR INTEREST TO LDCS SHOULD BE GIVEN SPECIAL CONSIDERATION BUT CONSIDERED THAT PROVISIONS OF ARTICLE XXXVI:8 AND ITS AD ARTICLE SHOULD GOVERN QUESTION OF RECIPROCITY. U. S. ALSO COMMENTED ON SPECIFIC BRAZILIAN IDEAS ON BASIS REFERENCE A. EC, INDONESIA, SPAIN, PORTUGAL, AND YUGOSLAVIA ENDORSED CONCEPT THAT LDC CONTRIBUTION SHOULD BE CONSISTENT WITH THEIR DEVELOPMENT NEEDS, BUT CHILE, ECUADOR, AND ROMANIA FAVORED ABSOLUTE NON- RECIPROCITY. BRAZIL AND CHAIRMAN SUGGESTED THAT ARTICLE XXXVI:8 NEEDED REFINEMENT AND THUS HOPED THAT CLEARER GUIDELINES COULD BE DRAWN UP TO GOVERN LDC PARTICIPATION IN MTN.

7. OBJECTIVES AND PRINCIPLES: PLACED ON THE AGENDA AT CHILEAN REQUEST, THIS ITEM GAVE LDCS OPPORTUNITY TO WRITE INTO RECORD ALL THE O& P' S FROM UNCTAD RES. 82(III) AND UNGA RES. 3040(XXVII). THREE PRINCIPLES OF NON- RECIPROCITY, NON- DISCRIMINATION AND PREFERENTIAL TREATMENT STRESSED. AFTER LISTENING TO LDC STATEMENTS,

U. S. NOTED THAT DCS HAD NOT CCEPTED LDC PRINCIPLES IN 82(III) OR 3040 (XXVII); U. S. SUPPORTED NON- DISCRIMINATION BUT DID NOT ACCEPT PREFERENTIAL TRATMENT AS GENERAL PRINCIPLE. EC AND U. S. AGREED THAT CHAIRMAN' S SUMMARY AT 28 TH SESSION REFLECTED THEIR POSITION.

8. COMMENT: U. S. CONTRIBUTION TO METING, PARTICULARLY RE TROPICAL PRODUCTS AND RECIPROCITY, THOUGH DIFFERING FROM LDC POSITIONS, WAS WELL RECEIVED BY LDCS, WHO HAVE BEEN CRITICAL OF LACK OF DC RESPONSE TO RATHER DETAILED PROPOSALS PRESENTED BY LDCS, MAINLY BRAZIL AND INDIA. BASSIN

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